

REMARKS

Claims 1-19 are pending in the application.

Applicant disagrees with the Examiner's rejection of pending claims 1-9 as directed to non-statutory subject matter. 35 U.S.C. §101 provides that "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof may obtain a patent therefore...." Each of pending claims 1-9 is directed to a process and therefore meets the requirements of Section 101.

The Examiner's position that the claims failed to satisfy §101 because they fail "to have a technological basis¹" is without merit. As the Court stated in State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d, 1368 (Fed. Cir. 1998):

The plain unambiguous meaning of §101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35 ... The repetitive use of the expansive term "any" in §101 shows Congress' intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in §101. Indeed, the Supreme Court has acknowledged that Congress intended § 101 to extend to "anything under the sun that is made by man." Thus, it is improper to read the limitations into §101 on the subject matter that may be patented where the legislative history indicates that

¹ Applicant's note that the bodies of claims 1 and 9 have been amended to recite that the estimating step is performed "using a computer processor." Thus, even under the Examiner's interpretation of 35 USC §101, claims 1-9 meet the utility requirement.

Congress clearly did not intend such limitations. State Street, 149 F.3d 1372-1373 (emphasis applied, citations omitted).

Contrary to the Examiner's assertion, the Federal Circuit's decision in State Street makes clear that there is no "technological basis" requirement in §101. The only requirement is that the claim fall into one of the enumerated categories (which the present claims clearly do), and that they meet the utility requirement (discussed below.)

Turning to the utility requirement, the Federal Circuit found that the "Hub and Spoke" software that was the subject of the State Street decision met the utility requirement of §101, because, the software admittedly produced a "useful, concrete, and tangible result." The usefulness of the result was not diminished by the fact that the result was "expressed in numbers such as price, profit, percentage, cost, or loss." See State Street, at 1375. Like the invention in State Street, claims 1-9 in the present application produce a useful, concrete, and tangible result - - namely the issuance of a derivative contract.

Finally, as a result of the State Street decision, there can be no question that business methods - - such as those claimed in the present application - - meet the requirements of §101. In rejecting any "business method" exception to §101, the Federal Circuit stated as follows:

As an alternative ground for invalidating the '056 patent under §101, the Court relied on the judicially-created, so-called "business method" exception to statutory subject matter. We take this opportunity to lay this ill-conceived exception to rest. Since its inception, the "business method" exception has merely represented the application of some general, but no longer applicable legal principle, perhaps arising out of the "requirement for invention" – which was eliminated by §103. Since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method. State Street, 149 F.3d at 1375.

Thus, for the reasons set forth above, applicant respectfully submits that the Examiner's rejection of claims 1-9 under §101 is without merit, and should be withdrawn.

Obviousness Rejection

Claims 1-19 stand rejected over Daugherty in view of Lange and Makivic. It is respectfully submitted that these references, either alone or in combination, fail to teach the invention as presently claimed.

Pending claim 1 recites a method for issuing a derivative contract to a buyer that includes providing an index that is determined in accordance with a rate at which commercial market investments associated with the index move up and down in price; assigning a target value for the index at an expiration of the derivative contract; identifying a premium for the derivative contract; estimating, using a computer processor, a return value to pay the buyer at the expiration if the target value is attained; and issuing the derivative contract to the buyer in accordance with the premium, expiration, and return value. Each of the other independent claims include the same limitations describing the "index" recited in the claims.

In rejecting the previous claims, the Examiner admitted that Daugherty failed to teach an index that represents a measure of commercial volatility. Also, the Examiner did not even assert that such as index was present in Makivic. However, the Examiner reasoned that the S&P index in Lange "broadly reads on 'an index that represents a measure of commercial

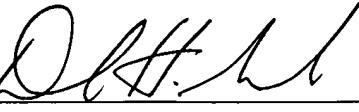
volatility.'" In the present Amendment, Applicant has clarified what is meant by an index that measures "commercial market volatility" by replacing the previous language with "an index that is determined in accordance with a rate at which commercial market investments associated with the index move up and down in price" in the claims.² It is clear that this aspect of the present invention is not taught by Lange or either of the other references relied upon by the Examiner.

In view of the foregoing, it is respectfully submitted that all pending claims are in condition for allowance. Accordingly, reconsideration and allowance of all pending claims are earnestly solicited.

² This aspect of the invention is supported by, for example, the description of the Commercial Markets Index (an example of a volatility index) at pages 14-17 of the Specification.

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Respectfully submitted,

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